

Message Text

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TO SECSTATE WASHDC 5698

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UNCLAS MONROVIA 2737

E.O. 11652: N/A

TAGS: BTIO, ETRD, XMB, LI

SUBJECT: INQUIRY ON EXIM FINANCING OF TOILET PAPER PLANT

REF: MONROVIA 2713

SECSTATE PASS OPIC WASHDC AND EXPORT/IMPORT BANK WASHDC

1. LOCAL INVESTMENT GROUP IN LIBERIA INTERESTED IN POSSIBILITY OF EXIM FINANCING OF PLANT (DESCRIBED IN TRADE OPPORTUNITY SUBMITTED TO COMMERCE AND STATE REFTEL) TO CUT, PERFORATE, ROLL AND GLUE TOILET PAPER AND PAPER TOWELS. GROUP ORIGINALLY PLANNED TO PURCHASE ALL EQUIPMENT AND FACILITIES WITH OWN CAPITAL AND SEEK FINANCING ONLY FOR MATERIALS (ESTIMATED AT COSTING APPROXIMATELY \$100,000 PER MONTH) BUT AFTER DISCUSSION WITH COMMERCIAL ATTACHE WOULD BE INTERESTED IN FINANCING PACKAGE THAT WOULD INCLUDE US-MADE EQUIPMENT AND MACHINERY AS WELL AS MATERIALS.
2. PROPOSAL FOR FINANCING SUGGESTED BY INVESTORS IS FOR CAPITAL OUTLAY OF \$300,000 TO ACQUIRE THREE-MONTH INVENTORY OF BULK PAPER FOR OPERATION OF PLANT. ORIGINAL \$300,000 WOULD BE CONTINUOUSLY ROLLED OVER NEW PAPER STOCK FOR A PERIOD OF 24 MONTHS WITH SUBSEQUENT REPAYMENT OF ENTIRE PRINCIPLE IN THE NEXT TWELVE MONTHS (FOR A COMPLETE AMORTIZATION OF DEBT WITHIN 36 MONTHS OF OBLIGATION).
3. EMBASSY UNCLEAR AS TO WHETHER EXIM WOULD CONSIDER CONTINUOUS FINANCING (ON 90-DAY ROTATIONAL BASIS) OF PAPER

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STOCK OVER PROPOSED 2 TO 3 YEAR PERIOD. EMBASSY SUGGESTED

THAT PACKAGE INCLUDING MACHINERY AND EQUIPMENT MIGHT BE MORE ATTRACTIVE TO EXIM AS IT WOULD PROMOTE SALE OF US MANUFACTURED CAPITAL EQUIPMENT IN ADDITION TO US ORIGIN PAPER STOCK. (BUYERS CURRENTLY LOOKING AT GERMAN EQUIPMENT, BUT WOULD BE HAPPY TO CONSIDER US EQUIPMENT IF AVAILABLE AT COMPETITIVE PRICES, PARTICULARLY IF ATTRACTIVE FINANCING AVAILABLE.)

4. AS INDICATED IN TRADE OPPORTUNITY (SUBMITTED TO COMMERCE AND STATE REFTTEL) POTENTIAL MACHINERY SALES ESTIMATED AT \$80-100,000. ADDITIONAL EQUIPMENT (SUCH AS TRUCKS, PACKAGING EQUIPMENT AND OTHER ITEMS) COULD ADD AN ADDITIONAL \$50-70,000 FOR WHICH INVESTORS WERE PLANNING TO APY CASH REPRESENTING BULK OF CASH INVESTMENT. ANNUAL SALES OF PAPER STOCK WOULD BE IN EXCESS OF DOLS. ONE MILLION.

5. WOULD APPRECIATE EXIM COMMENTS ASAP SO THAT EMBASSY CAN RESPOND TO POTENTIAL BUYERS/INVESTORS. EMBASSY WAS CONTACTED BY GERMAN NATIONAL REPRESENTING INVESTMENT/MANAGEMENT FIRM ACTING AS AGENTS/CONSULTANTS FOR INVESTMENT GROUP. INVESTMENT GROUP LIBERIAL NATIONALS, HEADED BY DEPUTY MINISTER FOR PRESIDENTIAL AFFAIRS WHO IS ALSO SON-IN-LAW OF PRESIDENT OF LIBERIA.

6. FOR COMMERCE AND OPIC: WHILE INVESTMENT GROUP WOULD PREFER FINANCING PACKAGE AS OUTLINED ABOVE, WOULD CONSIDER DISCUSSING POSSIBLE INVESTMENT/PARTNERSHIP WITH AMERICANS IF SUCH FINANCING NOT RPT NOT AVAILABLE. WOULD APPRECIATE COMMENTS ON POSSIBLE INTEREST BY US INVESTORS IN PROPOSAL. MANFULL

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